

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN INVESTIGATION OF ASHLAND )	CASE NO. 91-396
EXPLORATION, INC. )	

O R D E R

According to complaints filed with this Commission, attached hereto as Exhibit A, Ashland Exploration, Inc. ("Ashland") proposes to increase the price of natural gas delivered to its customers pursuant to KRS 278.485 or a lease or right-of-way agreement effective November 1, 1991. Ashland plans to disconnect gas service to those customers who fail to indicate acceptance of the revised rate by October 31, 1991. Ashland's proposed actions are detailed in a letter dated October 9, 1991, addressed to its customers, which is attached hereto as Exhibit B.

The Commission, having been advised of the proposed action of Ashland, finds that an investigation should be conducted into its actions.

IT IS THEREFORE ORDERED that:

1. Ashland shall immediately cease and desist the actions proposed in its letter to its customers dated October 9, 1991 to be effective November 1, 1991 until further order of the Commission.

2. Ashland shall maintain its present rates and service to each of its existing customers pursuant to KRS 278.485 or a lease or right-of-way agreement until further order of the Commission.

3. Ashland shall, within 10 days of the date of this Order, serve written notice upon each of the affected customers of the commencement of this investigation and that no discontinuance of service or change in rate shall take place until this investigation has concluded.

4. Within 10 days of the date of this Order, Ashland shall file with this Commission a written statement which shall include information on which it relies to show that the proposed rate increase is fair, just, and reasonable, and the authority that it has to discontinue service to those customers who fail to execute Ashland's proposed contract.

5. Ashland shall appear at a formal hearing to be held on December 4, 1991 at 10:00 a.m., Eastern Standard Time, in Hearing Room 1 of the Commission's offices at 730 Schenkel Lane, Frankfort, Kentucky, to present evidence that its proposed actions are fair, just, and reasonable, and in compliance with the Commission's rules and regulations.

Done at Frankfort, Kentucky, this 31st day of October, 1991.

PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

\_\_\_\_\_  
Commissioner

ATTEST:

  
Executive Director

**EXHIBIT A**

CARL C. PERKINS  
7TH DISTRICT, KENTUCKY

1004 LONGWORTH BUILDING  
WASHINGTON, DC 20515-1707  
(202) 225-4935

**Congress of the United States**

**House of Representatives**

**Washington, DC 20515-1707**

**October 18, 1991**

COMMITTEES  
EDUCATION AND LABOR  
CHAIRMAN, SUBCOMMITTEE ON  
EMPLOYMENT OPPORTUNITIES  
SCIENCE, SPACE, AND TECHNOLOGY

**RECEIVED**

**OCT 21 1991**

**CHAIRMAN  
P.S.C.**

Mr. George Edward Overbey  
Chairman  
Public Service Commission  
P.O. Box 615  
Frankfort, KY 40602

Dear Mr. Chairman:

I am taking the liberty of referring to you a copy of message I received from Gelnn and Carol Matheny of Raccoon, Pike County, opposing the increase in gas prices.

I need your advice on Ashland Exploration's adjustment in price in gas delivered that will assist me in responding to the concerns of the people who live in Coon Creek.

With best wishes,

Sincerely,

  
Carl C. Perkins, M.C.

CCP:cm  
enc

P.S. Please FAX a response to this urgent situation:  
202-225-1411, attention Mrs. Carmichael.

Glenn & Carol Matheny  
58 Mile Rd, #51  
Raccoon, Ky. 41557

Ph: 432-4776

Pike DO  
10/16/91

Huge Increase:

Island Exploration  
Houston, Texas  
(13) 531-2900

SD: Chris  
wants will word  
to help. spread word  
that Chris  
helped.

Called.

SD they & about 1,000 people on  
Coon Creek & John Creek are really  
upset. Shocked. Worried.

Rec'd letter from AE that <sup>cost of</sup> gas will be  
going up from 35¢ per 1,000  
to \$5.25 per 1,000.

I elderly are getting nervous that  
they may freeze this winter.

They have until Oct. 31 to sign contract  
(No gas service continued).

What can they do? They called  
rankfort - no results.

**Dear Customer:**

Please note that Ashland is consolidating your account into its existing residential sales. Therefore, it is necessary for you to execute this contract for continued service. This contract is similar to contracts signed by other Ashland customers.

This letter will serve as your contract ("Contract") with us whereby Ashland ("Company") agrees to continue to furnish and you ("Customer") agree to take and pay for natural gas subject to the terms and conditions attached hereto as Attachment I. This service is being provided by Company pursuant to either Kentucky Revised Statute (KRS) 278.405 or a lease or right-of-way agreement. Under the terms of the foregoing Ashland has the right to adjust the price to be paid by you for any gas delivered.

Therefore the adjusted price to be paid by you for the quantities of gas delivered to you as indicated by our sales meter is \$5.25 per thousand cubic feet (MCF) and becomes effective November 1, 1991. This rate is the same for all Ashland customers serviced pursuant to the above paragraph. Company continues to reserve the right to unilaterally establish a new price from time to time on fifteen (15) days prior written notice to you. You have the right to cancel this Contract at any time by written notice to us provided your account is up to date.

Please indicate your acceptance of this service and the terms and conditions under which it is being provided by signing and returning this letter to us in the enclosed envelope. A copy will be returned to you. Your failure to return this letter by October 31, 1991 will serve as notice to us of your rejection of this service allowing the Company to discontinue any existing service to you.

LAW OFFICES  
**THORNSBURY & THOMPSON**  
ATTORNEYS AT LAW

P.O. BOX 988  
WILLIAMSON, WEST VIRGINIA 25661-0988

130 W. SECOND AVENUE

October 25, 1991

**RECEIVED**

OCT 29 1991

PUBLIC SERVICE COMMISSION  
CONSUMER SERVICES

TELEPHONES:  
(304) 235-5550  
(304) 235-8004

TELECOPIER:  
(304) 235-3804

MICHAEL THORNSBURY (KY & WV)  
LARRY E. THOMPSON (KY & WV)

Public Service Commission  
677 Comanche Trail  
Frankfort, KY 40601

ATT: Consumer Complaint Section

RE: Citizens' Complaint of Pike County Citizens  
For Justice vs. Ashland Exploration, Inc., a  
subsidiary of Ashland Oil, Inc.

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To whom it may concern:

Please be advised that our office represents an organization of citizens in the Pike County, Kentucky area, Pike County Citizens for Justice.

This group of citizens is comprised of the individuals and families, which are identified on a list attached and marked as "Exhibit A".

Further, you will find a copy of a letter from Ashland Exploration, Inc. addressed to one of the citizens, who is a member of the Pike County Citizens for Justice. Similar letters have been sent to all of the members of the organization. The copy of the letter is attached and annexed as "Exhibit B".

You will note from the correspondence from Ashland Exploration, Inc., that they indicate they are taking action pursuant to KRS 278.485, or a lease or a right-of-way agreement. The letter further indicates that they intend to charge \$5.25 per thousand cubic feet (MCF), and state that this rate is effective November 1, 1991. They further indicate they reserve the right to unilaterally establish a new price from time to time, with fifteen (15) days prior written notice and that, unless the customer and addressee return a letter indicating acceptance of the service, they intend to discontinue any existing service to the customer.



The Pike County Citizens for Justice request that the Public Service Commission conduct an investigation of the unilateral actions of Ashland Exploration, Inc. and to hold any necessary hearing in order to address the grievance of the individuals comprising the Pike County Citizens for Justice.

You will note from a reading of KRS 278.485, a copy of which is attached as "Exhibit C", that the Public Service Commission does indeed, have jurisdiction in this matter, particularly with regard to the establishments of rates and minimum monthly charges. We are further, making a simultaneous complaint with the Federal Energy Regulatory Commission.

We would specifically note that many of these individuals who are members of the Pike County Citizens for Justice, have specific contractual agreements with the predecessors in title to Ashland Exploration, Inc. and those agreements specifically set forth a rate to be charged for the natural gas and those rates are substantially below the \$5.25 per thousand cubic feet (MCF) that Ashland Exploration, Inc. attempts to mandate in its letters to the customers. Apparently, Ashland Exploration, Inc. is attempting to unilaterally and without cause, terminate the contracts or simply ignore the contracts.

We would be most appreciative if you would look into this matter with a sense of urgency, particularly given the cutoff date of November 1, 1991, set forth in the letter from Ashland Exploration, Inc.

Your efforts in this matter will be sincerely and deeply appreciated.

With best regards, I am,

Sincerely yours,

  
Michael Thornsbury

MT:fv  
Enclosures

**PIKE COUNTY CITIZENS FOR JUSTICE**  
**MEMBER LIST OF ORGANIZATION**

1. Lois Hiers  
Box 189  
Canada, KY 41519  
353-7744
2. Alta May  
284 Upper Coon Road  
Raccoon, KY 41557  
432-1387
3. Mrs. Homer Goff  
337 Upper Coon Road  
Raccoon, KY 41557  
437-7800
4. Ralph May  
HC 64 Box 145  
Pinsonfork, KY 41555  
353-4218
5. Otis Davis  
HC 64 250  
Pinsonfork, KY 41555  
353--7664
6. Octavia Maynard  
by Edgar Maynard  
HC 64 Box 300  
Pinsonfork, KY 41555  
353-4468
7. Floyd Francis  
Box 142 Pigeonroost Road  
Canada, KY 41519
8. Phil Justice  
Sidney, KY
9. Gomie Thacker  
524 Meathouse Road  
Canada, KY 41519

10. Mrs. M. B. Blackburn  
234 Meathouse Road  
Canada, KY 41519
11. Owens Chapman  
Canada, KY 41519
12. Walter Baldwin  
Canada, KY 41519  
353-4992
13. Bob Blackburn  
Canada, KY 41519
- 14.
15. Jimmie Smith
16. Eunice Runyon
17. Bobby L. Runyon  
HC 64 - 98  
Pinsonfork, KY 41555
18. David G. McCoy  
HC 64  
Pinsonfork, KY 41555
19. Doug Blackburn  
Sidney, KY 41564
20. David Runyon  
Box 25  
Canada, KY 41519
21. Kenny Leedy  
HC 60 Box 49  
Canada, KY 41519  
353-9762

22. Larry C. Varney  
337 Meathouse Road  
Canada, KY 41519  
353-4267
23. Larry Thornsbury  
Meathouse Road  
Canada, KY 41519  
353-9456
24. William Sturgill  
205 Meathouse Road  
Canada, KY 41519  
353-7606
25. Hazel Sturgill  
205 Meathouse Road  
Canada, KY 41519  
353-7606
28. Joe B. Thacker  
Meathouse Road  
Canada, KY 41519  
353-7669
29. Ance Varney, Jr.  
664 Meathouse Fork Road  
Canada, KY 41519  
353-4154
30. Donnie Thornsbury  
Vanita Thornsbury  
199 Meathouse Road  
Canada, KY 41519  
353-9279
31. Mrs. Everett Smith  
109 Benton Fork Road  
Canada, KY 41519  
353-7521
32. Ethel Hardy  
HC 64 Box 35  
Pinsonfork, KY 41555

- 33. Pearl Hardy  
HC 64 Box 30  
Pinsonfork, KY 41555
  
- 34. Billie J. Phillips  
P. O. Box 27  
Pinsonfork, KY 41555
  
- 35. David W. Carter  
Deborah A. Carter  
218 Benton Fork Road  
Canada, KY 41519
  
- 36. Mary Blackburn  
P. O. Box 95  
Canada, KY 41519
  
- 37. Sidney Missionary Baptist  
J. T. Lafferty, Pastor  
P. O. Box 187  
Sidney, KY 41564
  
- 38. Donnie Pinson, Jr.  
Martha Sue Pinson  
Box 638 Meathouse Road  
Canada, KY 41519
  
- 39. Bobby L. Runyon  
Mary Lou Runyon  
HC 64 - 98  
Pinsonfork, KY 41555  
353-4959
  
- 40. Willis Justice, Jr.  
355-A Upper Coon  
Raccoon, KY 41557
  
- 41. Lester Collins  
280 Upper Coon Road  
Raccoon, KY 41501
  
- 42. Thomas R. Collins  
276 Upper Coon Road  
Raccoon, KY 41557

43. Willie Stanley  
Canada, KY
44. Goldie Hankins  
Box 115  
Sidney, KY
45. Clarence Blackburn  
HC 64 Box 175  
Huddy, KY 41535
46. Ray Harlow  
HC 64 Box 160  
Huddy, KY 41535
47. Pearl Fields  
P. O. Box 463  
Turkey Creek, KY 41570
48. Fannie White  
HC 66  
Turkey Creek, KY 41570
49. Highland Presbyterian Church  
P. O. Box 128  
Canada, KY 41519
50. Mrs. Helen Francis  
Box 62  
Canada, KY 41519
51. Alfred Reed  
Canada, KY 41519
52. Vernon Goff  
P. O. Box 198  
Raccoon, KY 41557
53. Paul Goff  
Raccoon, KY 41557

- 54. Johnny Goff  
Box 50A  
Raccoon, KY 41557
- 55. Everett Varney  
Box 151  
Canada, KY 41519
- 56. Robert W. Pauley  
HC 61 Box 135  
Forest Hills, KY 41527
- 57. Paris Canada  
P. O. Box 133  
Canada, KY 41519
- 58. Jimmy Robinette  
HC 60 - 355  
Canada, KY 41519
- 59. Mr. and Mrs. Edgar Thacker  
Box 520 Meathouse Road  
Canada, KY 41519
- 60. Mr. and Mrs. Ronny L. West  
HC 60 - 239  
Canada, KY 41519
- 61. Lola West  
Box 157 Meathouse  
Canada, KY 41519
- 62. Goldie Hankins  
General Delivery  
Canada, KY 41519
- 63. Floyd Canada, Jr.  
HC 60 - Box 129  
Canada, KY 41519
- 64. Lestle Varney  
Box 218  
Kimper, KY 41539

65. Leona Baldwin  
Box 131  
Canada, KY 41519
66. John Thornsburry  
Canada, KY 41519
67. Herb Thornsburry  
Canada, KY 41519
68. Lisa Robinson  
Canada, KY 41519
69. Ruby Ferrell  
Canada, KY 41519
70. Andrew Clevenger  
Canada, KY 41519
71. Cecil Varney  
Lenna Jean Varney  
HC 64 - 95  
Pinsonfork, KY 41555
72. LaGrand Parsons  
Sharon Parsons  
HC 64 - Box 90  
Pinsonfork, KY 41555
73. June Maynard  
HC 64 - Box 45  
Pinsonfork, KY 41555
74. Yvonne Bogar  
Box 142  
Sidney, KY 41564
75. Bill Sparks  
100 Dix Fork  
Sidney, KY 41564  
353-8114 / 353-9470



- 76. Maudie Reed  
125 Benton Road  
Canada, KY 41519  
353-9408
  
- 77. Andrew Clevenger  
Canada, KY 41519
  
- 78. David G. Varney  
Box 1888  
Kimper, KY  
631-1146
  
- 79. Garland Varney  
Box 1872  
Kimper, KY  
631-1286
  
- 80. Robbie J. Porter  
Box 1874  
Kimper, KY  
631-9289
  
- 81. Melvin Varney  
Box 1868  
Kimper, KY  
631-9289
  
- 82. Jonah May  
222 Elkhorn Road  
Kimper, KY  
631-9362
  
- 83. Newell Childers  
5022 Upper Johns Creek Road  
Kimper, KY  
631-1260
  
- 84. Mr. and Mrs. Arnold Lowe  
P. O. Box 25  
McAndrews, KY
  
- 85. Mr. and Mrs. Jimmy Blackburn  
HC 64 Box 180  
McAndrews, KY

86. Margaret Blackburn  
HC 64 Box 174  
McAndrews, KY
87. Ollie M. Smith  
HC 64 - Box 85  
Pinsonfork, KY 41555
88. Donnie Johnson  
P. O. Box 239  
Raccoon, KY 41557
89. Glenn Matheny  
#51 58 Mile Road  
Raccoon, KY 41557  
432-4776
90. Eddie Johnson  
Emma Johnson  
#24  
Raccoon, KY 41557  
432-4548
91. Carolyn Matheny  
58 Mile Road, #51  
Raccoon, KY 41557  
432-4776
92. Lana Varney  
58 Mile Road, #67  
Raccoon, KY 41557  
432-5319
93. Stella Johnson  
58 Mile Road, Box 42  
Raccoon, KY 41557  
432-9111
94. Brian Lowe  
HC 61 Box 128  
Turkey Creek, KY 41570  
237-4327

- 95. Donald Ray  
HC 61 Box 120  
Turkey Creek, KY 41570
- 96. Maxie Cline  
HC 61 Box 500  
Turkey Creek, KY 41570
- 97. Elzie Smith  
Box 653  
Canada, KY 41519  
353-9706
- 98. Gladus Thacker  
General Delivery  
Canada, KY 41519  
353-9352
- 99. Richard Baldwin  
P. O. Box 3  
Canada, KY 41519  
432-0088
- 100. Dorothy Nelson  
Turkey Creek, KY
- 101. Monroe Murphy  
Kimper, KY
- 102. Charlie May  
Kimper, KY
- 103. Erma Thornbury  
Kimper, KY
- 104. Mrs. Kenny Thornbury  
Kimper, KY
- 105. Avery Murphy  
304 Grapevine Road  
Phyllis, KY

106. James M. Murphy  
302 Grapevine Road  
Phyllis, KY
107. Dover Francis  
Box 102  
Sidney, KY
108. Richard Hughes  
Box 66  
Turkey Creek, KY
109. Bobby D. Varney  
HC 61 Box 150  
Turkey Creek, KY
110. Dewey Nelson  
HC 61 Box 460  
Turkey Creek, KY
111. Johnny Cline  
HC 61 Box 450  
Turkey Creek, Ky
112. Tolby McCoy  
HC 61 Box 592  
Turkey Creek, KY
113. Robert E. William  
for Taylor Francis  
Canada, KY 41519
114. Kenneth H. Smith  
Box 54  
Canada, KY 41519
115. Harold F. Bogar  
P. O. Box 74  
Sidney, KY
116. Mr. and Mrs. Bruford Coal  
Box 481  
Belfry, KY

117. Fred Charles  
Lola Charles  
Box 468  
Belfry, KY
118. Billy May  
Box 4050  
Kimper, KY 41539
119. Donnie Canada  
Box 4040  
Kimper, KY 41539
120. Rush Ratliff  
Box 4038  
Kimper, KY 41539
121. Laurene Coleman  
Box 8528  
Kimper, KY 41539  
835-2154
122. Robert J. Sanders  
8644 Uppers John Creek  
Kimper, KY 41539  
835-2483
123. Gary K. Young  
Box 171  
Sidney, KY 41564  
353-8992
124. Donald Fields  
HC 64 Box 60  
Pinsonfork, KY 41555
125. George Davis  
Box 163  
Hardy, KY
126. Fred Runyon  
HC 64 Box 200  
Pinsonfork, KY 41555

127. George Dotson  
Ransom, KY
128. Nelson Tackett  
Box 32  
Canada, KY 41519
129. Franklin Roberts  
Canada, KY 41519
130. Larry T. Smith  
HC 60 - 418  
Canada, KY 41519
131. Leroy Smith  
HC 60 - 440  
Canada, KY 41519
132. R. T. Thacker  
HC 60 - 160  
Canada, KY 41519
133. Dennis H. Phillips  
P. O. Box 45  
Pinsonfork, KY 41555
134. John L. Williamson  
Box 504  
Canada, KY
135. Gary B. Thacker  
P. O. Box 153  
Canada, KY 41519
136. F. Cecil Hurley  
HC 64 Box 145  
McVeigh, KY
137. George M. Coley  
Belfry, KY
138. Jenny Nelson  
Belfry, KY

139. Jim Martin  
Forest Hills, KY

140. Janet Todd  
HC 60 Box 544  
Canada, KY 41519

141. Charles May  
HC 76 Box 1480  
Ransom, KY

142. David G. McCoy  
HC 64 - 65  
Pinsonfork, KY

"Exhibit B"



**Ashland Exploration, Inc.**

SUBSIDIARY OF ASHLAND OIL, INC

P O BOX 218330, HOUSTON, TEXAS 77218-8330 • (713) 531-2900

10/09/1991

John Thornsby  
Hc60 175 Meathouse Rd.  
Canada, KY 41519

Account #: 1416632

Dear Customer:

Please note that Ashland is consolidating your account into its existing residential sales. Therefore, it is necessary for you to execute this contract for continued service. This contract is similar to contracts signed by other Ashland customers.

This letter will serve as your contract ("Contract") with us whereby Ashland ("Company") agrees to continue to furnish and you ("Customer") agree to take and pay for natural gas subject to the terms and conditions attached hereto as Attachment I. This service is being provided by Company pursuant to either Kentucky Revised Statute (KRS) 278.485 or a lease or right-of-way agreement. Under the terms of the foregoing Ashland has the right to adjust the price to be paid by you for any gas delivered.

Therefore the adjusted price to be paid by you for the quantities of gas delivered to you as indicated by our sales meter is \$5.25 per thousand cubic feet (MCF) and becomes effective November 1, 1991. This rate is the same for all Ashland customers serviced pursuant to the above paragraph. Company continues to reserve the right to unilaterally establish a new price from time to time on fifteen (15) days prior written notice to you. You have the right to cancel this Contract at any time by written notice to us provided your account is up to date.

Please indicate your acceptance of this service and the terms and conditions under which it is being provided by signing and returning this letter to us in the enclosed envelope. A copy will be returned to you. Your failure to return this letter by October 31, 1991 will serve as notice to us of your rejection of this service allowing the Company to discontinue any existing service to you.



Questions concerning your contract should be directed to J. F. Kilver at (606) 329-5780. Please call collect. Should you have any questions concerning service feel free to call our offices at (606) 437-7359.

Dated this 9th day of October, 1991, but effective beginning November 1, 1991.

Ashland Exploration, Inc.

By: M D Pierce  
M. D. Pierce, Vice President

Customer: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

Please return the executed contract to:

Ashland Exploration, Inc.  
P.O. Box 218330  
Houston, Texas 77218-8330  
Attention: J. F. Kilver

**WARNING!**

THE NATURAL GAS SOLD UNDER THIS AGREEMENT IS DANGEROUS IF BREATHED, AND MAY CAUSE SERIOUS PERSONAL INJURY OR DEATH; FURTHER, THE GAS MAY CONTAIN DELETERIOUS SUBSTANCES WHICH, WHEN BURNED, MAY RELEASE TOXIC OR POISONOUS SUBSTANCES INTO THE AIR WHICH MAY CAUSE SERIOUS PERSONAL INJURY, DEATH OR DAMAGE TO PROPERTY. THE GAS SOLD HEREUNDER IS NOT ARTIFICIALLY ODORIZED AND ITS PRESENCE MAY NOT BE DETECTABLE BY YOU.

NOTWITHSTANDING ANYTHING IN THIS AGREEMENT TO THE CONTRARY, THE NATURAL GAS DELIVERED HEREUNDER IS BEING SOLD BY ASHLAND EXPLORATION, INC., TO YOU "AS IS" WITHOUT RECOURSE, COVENANT, OR WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR STATUTORY. ASHLAND EXPLORATION, INC. EXPRESSLY DISCLAIMS AND NEGATES (A) ANY IMPLIED OR EXPRESS WARRANTY OF MERCHANTABILITY, (B) ANY IMPLIED OR EXPRESS WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE, (C) ANY OTHER WARRANTY OF ANY KIND OR NATURE WHATSOEVER, WHETHER THE SAME BY EXPRESS, IMPLIED OR STATUTORY.

## **I. ESTABLISHING DOMESTIC SERVICE**

a. Customer represents and agrees that the gas delivered by Company shall be used either (1) for domestic use in a residence, or (2) in a commercial establishment in amounts less 50 mcf on a peak day. Any other use by Customer shall give Company the right to terminate this Contract. The meter and service tap, including saddle and first service shut-off valve shall be furnished and maintained by and remain the property of the Company. All other equipment and material required for service pursuant to this Contract, including the stops, drip and regulators, shall be furnished, installed and maintained by Customer at his expense and shall remain Customer's property.

b. The character and arrangements of the pipes and appliances through which the gas is transported from the point of connection to the point of consumption shall be of sufficient size so as to permit any regulator or meter to function at proper pressures, and shall meet the requirements of any laws, rules and/or regulations governing same. The Company shall be under no obligation or duty at any time to inspect any of said connections, service pipes, appliances, equipment, or regulators or be responsible in any manner for the selection, use and maintenance of same, and shall have no duty or obligation with respect to their care, maintenance or supervision. The Company shall repair all leaks which occur between the point of connection and the meter, when such leaks are discovered by or reported to it; provided, however, that the Customer shall pay the Company for any repair or replacement parts incidental to such repairs.

c. The Customer assumes all risk from the outlet side of the meter caused by defects in his service lines, connections and appliance and from all causes incidental to the use of gas. The Customer shall not change the regulator settings, nor change in any way the installation made by the Company. The Customer shall at his own expense, furnish and lay service pipes, fittings, valves, automatic gas regulators, and appliances between the meter and the point of consumption of the gas. The Customer shall maintain all of the same in good condition and repair, and remove the same when necessary, furnish such materials, labor and supervision as may be necessary to conduct and burn the gas with safety, and shall be liable for any failure to do so.

## **II. GAS MEASUREMENT**

The measurement of gas by meter shall be conclusive upon the Customer and the Company, except when such meter ceases to register, proves to be defective, or is found by test not to be accurate within the limitations specified in the rules of the Kentucky Public Service Commission or a successor governmental authority. In such cases, the consumption for the period in question shall be estimated. Company will, upon written application, of Customer, have the meter removed, sealed and tested, and a certificate of the test given the Customer. If the meter so tested shall be found to be accurate within the limits specified in the rules of the Kentucky Public Service Commission, the Customer shall, upon presentation of a bill, pay the Company for such test according to the schedule of charges for testing meters formulated by the said Commission or a successor governmental authority.

## **III. BILLS AND PAYMENT THEREOF**

a. The Customer agrees to pay the Company for all natural gas delivered hereunder as computed by meter at the point of connection. The Company will render invoices to the Customer at regular monthly intervals for the natural gas delivered. The Company shall have the right, if it so elects, to require a cash deposit or other guaranty from the Customer to secure payment of bills. Should the Customer fail to pay for gas delivered within thirty (30) days after the date of the invoice, or otherwise default and fail or refuse to comply with any of the terms of this contract, the Company shall have the right to apply the above-mentioned deposit, if any, to the amount due and discontinue service upon forty-eight (48) hours written notice without liability for any injury or damage to persons or property resulting therefrom. This Contract shall thereupon terminate and be of no further force or effect.

b. Failure to enforce any remedies under this contract or at law shall not act as a waiver of those remedies. Should it become necessary to obtain counsel as a result of a disagreement between Company and Customer and Company prevails, then Company shall be entitled to payment from Customer for all legal fees and court costs.

## **IV. ACCESS TO PREMISES**

The Company shall have the right to enter upon the premises of the Customer to read, repair, change or remove the meter, or inspect regulators, and shall also have the right to reclaim any of the property of the Company which may be on the premises.

## **V. TAMPERING**

Where the service facilities or other equipment have been tampered with, resulting in improper measurement of the service supplied, the Customer shall be required to pay for such gas service as the Company may estimate from available information to have been used but not registered by the Company's meter, and in addition thereto shall be required to bear all costs incurred by the Company for investigations and inspections and for such protective equipment as, in the judgment of the Company, may be necessary. Company reserves the right to also terminate this Contract.

## **VI. LIABILITY FOR DAMAGE**

a. The Company shall not be responsible for maintaining any fixed or specified gas pressure, nor shall it be liable for damages caused by its failure to deliver gas arising from any cause whatever or for any damage to property or injury or death to persons arising or accruing in any manner whatsoever from the use of gas. Neither shall the Company be liable for any accident or accidental injuries or damages which may result from any defect or failure of any automatic gas regulator or for any leakage or other

defect or failure of any service line installed or constructed by Customer.

b. The Company shall be and is hereby released by Customer from any and all claims for damage direct or indirect, present or prospective, accrued or which may hereafter accrue, resulting from the failure of gas or insufficient supply thereof, or from the construction, operation and maintenance of its pipelines, plants, facilities, or other operations. The Customer agrees to indemnify and save the Company free and harmless from any and all loss, damage, claims, or demands of any kind or character, including but not limited to, loss or damage to property, real or personal, or injuries to, or death of, any person, predicated upon or in any way connected with, gas or other obligations imposed by this Contract, regardless of whether such liability shall arise from negligence of the Company in whole or in part.

c. The Customer shall use all due care to prevent waste of gas and the responsibility for detection of defects or leaks between the point of connection and the point of consumption of gas is upon the Customer. In case of failure or deficiency of gas, irregular supply, leakage, excessive pressure, and other developments incident to handling gas under pressure, the Customer agrees to give immediate notice thereof to the Company, and his failure to do so, should loss follow, shall be conclusive evidence of negligence on the part of the Customer. The right of access to Customer's property, provided hereinabove, shall not relieve Customer of the foregoing obligation.

#### **VII. SHUT OFF PROVISIONS**

The authorized agents of the Company shall at all times have access to the premises of the Customer with the right to shut off the gas and remove its property from the premises upon reasonable notice for any of the following reasons; for repairs or because of leakage; for non-payment of any bills due under the existing or a predecessor contract; for failure to make a cash deposit, if such be required; for any breach of the Contract or violations of any applicable rules or regulations of Kentucky Public Service Commission; for fraudulent representation in relation to Customer's consumption of gas; moving of Customer from the premises; for fraudulent tampering with the meter, regulators or connections; for shortage of gas or reasons of safety; for larceny of gas; for any action by the Customer to secure through his meter gas for purposes other than those requested or contracted for pursuant to paragraph I(a), or for any other party without the written consent of the Company; or for false representation with respect to the ownership of property to which service is furnished or upon which lines are located.

#### **VIII. DISCONTINUANCE OF SERVICE**

The Company shall not be liable to the Customer for discontinuance of service resulting from the plugging and abandonment or change in the use of any of its wells. It is understood and agreed that the line from which the Company supplies gas is not permanent and that service to the Customer by Company may cease, either temporarily or permanently, if Company in its sole discretion discontinues transportation of gas through that line. Upon the abandonment or removal of the last of the lines from the lands of the Customer or from lands within one-half air mile of the Customer, unless otherwise previously terminated, this Contract and all rights thereunder shall thereupon terminate and service to the Customer be discontinued. Either party hereto may cancel this Contract on fifteen (15) days' written notice without prejudice to the right of the Company to continue to supply gas to other customers; and the Company shall not be liable for any deficiency in the supply caused by the use of pumping stations, breakage of lines, or other causes, or for any claim for damage on account of any matters set forth in this paragraph.

#### **IX. GENERAL PROVISIONS**

a. No agent or employee of this Company has authority to make any promise, agreement, or representation inconsistent with this Contract; and no such promise, agreement, or representation shall bind the Company, unless in writing and signed by an executive officer thereof.

b. This Contract is entered into between the Company and the Customer in order that service can be provided to those residents eligible to receive natural gas pursuant to KRS 278.485.

10/8/91

NOTES TO DECISIONS

ANALYSIS

1. Duties of pipeline company.
2. Refusal to accept oil for transportation.
3. Public consumption.

1. Duties of Pipeline Company.

Neither this section declaring a pipeline company to be a common carrier, nor the common law, imposes upon a pipeline company the duty of a supplier or wholesaler and, such duty, if it exists, must be found in KRS 278.010 to 278.450 governing public utilities generally and providing for their regulation by the public service commission. *City of Bardstown v. Louisville Gas & Elec. Co.*, 383 S.W.2d 918 (Ky. Ct. App. 1964).

2. Refusal to Accept Oil for Transportation.

Pipeline company operating as a pipeline is bound to accept oil for transportation to the extent of its reasonable facilities and to de-

liver it upon the order of the consignor unless prevented by court order, and may be subject to damages or perhaps a criminal penalty for refusal. *Cumberland Pipeline Co. v. Commonwealth ex rel. Sheriff of Estill County*, 258 Ky. 90, 79 S.W.2d 366 (1934).

3. Public Consumption.

This section and KRS 278.490 apply only to companies engaged in the transportation of gas "for public consumption" — that is, for ultimate use by Kentucky customers; thus, those regulatory statutes did not apply to a gas producer which sold its gas only through interstate pipelines, which it owned, to another interstate pipeline company. *Huddleston v. Equitable Life Assurance Soc'y (In re Langford)*, 32 Bankr. 746 (Bankr. W.D. Ky. 1962).

Collateral References. 13 Am. Jur. 2d, Carriers, § 19.

13 C.J.S., Carriers, § 11.

**278.480. Pipeline companies may deliver oil or gas on order of person in possession. —** Any common carrier of crude petroleum or gas by pipeline may accept for transportation any oil or gas offered to it for that purpose by a person in possession, and shall redeliver it upon the order of the consignor unless prevented by order of a court of competent jurisdiction, and shall not be liable therefor to a true owner out of possession, except from the time that the order of court is served upon it in the same manner as a summons in a civil action. (3766b-1a.)

NOTES TO DECISIONS

1. Liability of Carrier.

Law providing that pipeline companies could transport and deliver oil for persons in possession and not be liable to the true owner thereof except when served with a court order in the manner of summons in a civil action

changed the common-law rule of liability relating to acceptance and redelivery of oil by pipeline companies and did not affect liability for oil transported before the law was passed. *Hall v. Cumberland Pipeline Co.*, 193 Ky. 728, 237 S.W. 405 (1922).

**278.485. Gas pipeline company to furnish gas — When — Rates — Duty of person applying for gas service and gas pipeline company — Abandonment of gas wells — Discontinuance of service. —** Every gas pipeline company obtaining gas from producing wells located within this state, upon the request of the owner of the property on or over which any producing well or gas gathering pipeline is located or the owner of real estate whose property and point of desired service is located within one-half (1/2) air-mile of said company's producing gas well or gas gathering pipeline, shall furnish gas service to such owner and applicant, subject to and upon the following terms, conditions and provisions, to-wit:

(1) The gas service shall be furnished at rates and minimum monthly charges determined by the public service commission.

(2) The applicant for such gas service shall construct or cause to be constructed, and shall maintain and keep in good repair, the service lines, and shall provide and install or cause to be installed, and keep in good repair, the necessary automatic gas regulators, and shall pay the entire cost thereof. The company, at its own expense, shall provide, install and maintain the necessary gas meters.

(3) The construction of each service line, the installation, type and number of automatic gas regulators and gas meter or meters and the connection thereof with the gas producing well or pipeline shall be under the supervision of the public service commission or an agent thereof; and, shall conform to such standards of safety, location and convenience as may be prescribed by said commission.

(4) Neither the gas producer nor the gas pipeline company shall be responsible for maintaining any fixed or specified gas pressure. Neither the gas producer nor the gas pipeline company shall be liable for any accident or accidental injuries or damages which may result from any defect or failure of any automatic gas regulator or for any leakage or other defect or failure of any service line installed or constructed by the applicant.

(5) Nothing in this section shall be construed as requiring any gas pipeline company to serve any such owner of property or applicant from any line or lines that have been held to be subject to federal jurisdiction by order of the federal energy regulatory commission or a court of competent jurisdiction. The provisions of this section shall apply only to producing gas wells and to gas pipelines commonly known as gathering lines.

(6) Nothing in this section shall be construed to restrict the right of any gas pipeline company to abandon any gas well or any gathering pipeline, or any part thereof, and to remove any such abandoned pipeline or lines. If service to any customer is terminated because of lack of gas for a period of six (6) months in a pipeline or line which served him, the company shall remove a portion of the main line so as to render it inoperable.

(7) Subject to the rules and regulations of the public service commission, any service may be disconnected and discontinued by the company for failure of the customer to pay any bill as and when due and payable. (Enact. Acts 1952, ch. 160; 1956, ch. 49; 1978, ch. 379, § 51, effective April 1, 1979; 1982, ch. 82, § 47, effective July 15, 1982; 1982, ch. 242, § 5, effective July 15, 1982; 1984, ch. 212, § 1, effective July 13, 1984.)

#### NOTES TO DECISIONS

##### ANALYSIS

1. Bankruptcy.
2. Quality of gas.
3. Regulatory responsibility.
4. Diversion of interstate gas.
5. Federal law controls.

##### 1. Bankruptcy.

Trustee in bankruptcy of pipeline company cannot be compelled by property owner to furnish oil and gas service as required by this section without the consent of the bankruptcy

court. *Price v. Williamson*, 305 S.W.2d 276 (Ky. Ct. App. 1956).

##### 2. Quality of Gas.

Where gas companies which had been furnishing gas to persons entitled thereto under this section sought to discontinue gas service because the gas in the gathering pipelines contained a harmful impurity, the commission had no authority to allow discontinuance of service since the commission was without power to regulate or control the quality of gas furnished. *Public Serv. Comm'n v. Kentucky*

W. Va. Gas C2d 491 (Ky. Ct. App. 1975).

Although it has no authority to regulate the gas furnished pursuant to this sensible interpretation of the statute, its application to gas that is fully usable and not unreasonably to the health and safety of the public. *Serv. Comm'n v. Kentucky W. Co.*, 531 S.W.2d 491 (Ky. Ct. App. 1975).

### 3. Regulatory Authority.

The Federal Act assigns to the federal energy commission exclusive regulatory authority for transportation of an interstate company's natural gas from through gathering lines; that includes the power to prohibit natural gas for which no certification of convenience and necessity has been issued. *Public Serv. Comm'n v. Federal Energy Regulatory Comm'n*, 610 F.2d 439 (8th Cir. 1979).

### 4. Interstate Gas.

The states without federal authorization, do not interstate market supplies of gas for the use of state residents only. *Public Serv. Comm'n v. Federal Energy Regulatory Comm'n*, 610 F.2d 439 (8th Cir. 1979).

### 5. Federal Law Controls.

Inasmuch as this section seeks to reserve a supply of natural gas to certain state residents, it, independent of federal regulatory control, denies to consumers outside of Kentucky and to Kentuckians whose real estate lies beyond one-half mile of wellheads and gathering lines the equal access that they otherwise would enjoy to Kentucky natural gas; and if pursued by many or all producing states in times of extraordinary scarcity, the Kentucky policy would impede, if not prohibit altogether, accomplishment of the congressional desire to provide an adequate supply of natural gas for the entire nation; therefore, this section is in conflict with the federal regulatory scheme and is unenforceable. *Public Serv. Comm'n v. Federal Energy Regulatory Comm'n*, 610 F.2d 439 (8th Cir. 1979).

Transportation through gathering lines and sales to local residents by an interstate pipeline company under this section are subject to federal jurisdiction. *Public Serv. Comm'n v. Federal Energy Regulatory Comm'n*, 610 F.2d 439 (8th Cir. 1979).

Collateral References. 13 Am. Jur. 2d, Carriers, §§ 142-174.

38 C.J.S., Gas, §§ 12, 19-37, 44, 49, 50.

**278.490 Transportation of oil or gas received from connecting lines.** — Any engaged in the receipt, transportation or delivery of oil or gas for public consumption shall at all reasonable times receive, transportation and delivery, from such pipes as may be connected up main or tributary line, all oil or gas that may be held and stored or delivery, if the main or tributary line has the means or capacity, transport or deliver the oil or gas that is offered. If the main line is operating to such capacity that it is impossible or impracticable to receive or transport all the oil or gas offered from the connecting company operating the main or tributary line shall receive and the oil or gas that is offered on a proportionate basis, based on production of each producer whose oil or gas is offered for transportation. (b-1c, 3766b-1d.)

### NOTES TO DECISIONS

1. Construction.
2. Public.

#### 1. Construction.

This section upon the company only the distributor or transporter and not the distributor or supplier. *City of Bardonia Gas & Elec. Co.*, 383 S.W.2d App. 1964.

#### 2. Public.

KRS 278 section apply only to

companies engaged in the transportation of gas "for public consumption" — that is, for ultimate use by Kentucky customers; thus, those regulatory statutes did not apply to a gas producer which sold its gas only through interstate pipelines, which it owned, to another interstate pipeline company. *Huddleston v. Equitable Life Assurance Soc'y (In re Langford)*, 32 Bankr. 746 (Bankr. W.D. Ky. 1982).

W. Va. Gas Co., 531 S.W.2d 491 (Ky. Ct. App. 1975).

Although the commission has no authority to regulate the quality of gas furnished pursuant to this section, a sensible interpretation of the statute would limit its application to gas that is commercially usable and not unreasonably dangerous to the health and safety of the user. Public Serv. Comm'n v. Kentucky W. Va. Gas Co., 531 S.W.2d 491 (Ky. Ct. App. 1975).

### 3. Regulatory Responsibility.

The Federal Natural Gas Act assigns to the federal energy regulatory commission exclusive regulatory responsibility for transportation of an interstate pipeline company's natural gas from wellheads through gathering lines; that responsibility includes the power to prohibit deliveries of natural gas for which no certificate of public convenience and necessity has been issued. Public Serv. Comm'n v. Federal Energy Regulatory Comm'n, 610 F.2d 439 (6th Cir. 1979).

### 4. Diversion of Interstate Gas.

The states may not, without federal authorization, divert from the interstate market supplies of natural gas for the use of state residents only. Public Serv. Comm'n v. Federal Energy Regulatory Comm'n, 610 F.2d 439 (6th Cir. 1979).

### E. Federal Law Controls.

Inasmuch as this section seeks to reserve a supply of natural gas to certain state residents, it, independent of federal regulatory control, denies to consumers outside of Kentucky and to Kentuckians whose real estate lies beyond one-half mile of wellheads and gathering lines the equal access that they otherwise would enjoy to Kentucky natural gas; and if pursued by many or all producing states in times of extraordinary scarcity, the Kentucky policy would impede, if not prohibit altogether, accomplishment of the congressional desire to provide an adequate supply of natural gas for the entire nation; therefore, this section is in conflict with the federal regulatory scheme and is unenforceable. Public Serv. Comm'n v. Federal Energy Regulatory Comm'n, 610 F.2d 439 (6th Cir. 1979).

Transportation through gathering lines and sales to local residents by an interstate pipeline company under this section are subject to federal jurisdiction. Public Serv. Comm'n v. Federal Energy Regulatory Comm'n, 610 F.2d 439 (6th Cir. 1979).

Collateral References. 13 Am. Jur. 2d, Carriers, §§ 142-174.

38 C.J.S., Gas, §§ 12, 19-37, 44, 49, 50.

**278.490. Transportation of oil or gas received from connecting lines.** — Each company engaged in the receipt, transportation or delivery of oil or natural gas for public consumption shall at all reasonable times receive, for transportation and delivery, from such pipes as may be connected up with any main or tributary line, all oil or gas that may be held and stored or ready for delivery, if the main or tributary line has the means or capacity to receive, transport or deliver the oil or gas that is offered. If the main or tributary line is operating to such capacity that it is impossible or impracticable to receive or transport all the oil or gas offered from the connecting lines, the company operating the main or tributary line shall receive and transport the oil or gas that is offered on a proportionate basis, based on the daily production of each producer whose oil or gas is offered for transportation. (3766b-1c, 3766b-1d.)

## NOTES TO DECISIONS

### ANALYSIS

1. Construction.
2. Public consumption.

#### 1. Construction.

This section imposes upon the company only the duty of a carrier or transporter and not the duty of a wholesaler or supplier. City of Bardstown v. Louisville Gas & Elec. Co., 383 S.W.2d 918 (Ky. Ct. App. 1964).

#### 2. Public Consumption.

KRS 278.470 and this section apply only to

companies engaged in the transportation of gas "for public consumption" — that is, for ultimate use by Kentucky customers; thus, those regulatory statutes did not apply to a gas producer which sold its gas only through interstate pipelines, which it owned, to another interstate pipeline company. Huddleston v. Equitable Life Assurance Soc'y (In re Langford), 32 Bankr. 746 (Bankr. W.D. Ky. 1982).

18

RECEIVED

OCT 22 1991

PUBLIC SERVICE  
COMMISSION

October 17, 1991.


Public Service Commission  
Frankfort, KY

Gentlemen:

I have received natural gas at a rate of 35¢ per thousand cubic feet for as long as I have lived at my present address. Ashland Exploration, Inc. now owns the gas company and has just this week informed me by mail that the rate will be increased to \$5.25 per thousand cubic feet as of November 1, 1991. As you can see, this is quite an increase. Could you please check on this matter and decrease the amount of increase if there must be one.

May I please hear from you soon, as I must return my signed contract by November 1, 1991.

Sincerely,



Foster I. Justice  
58 Nile Road, Box 28  
Raccoon, KY 41557

Metu  
~~but~~ no,

09-6371



10-19-91

Attn Bob Davis;

Referring to the very  
short and seemingly  
unfair notice from the  
Oakland Gas Co. in this  
area. We strongly  
disapprove of the notice,  
the method and timing  
of said Co. By a few  
of the many customers  
in this area we had  
the signed petition  
to you to show our  
displeasure of said  
matter. Please respond  
Petitioners  
Vernon Hale

RECEIVED

OCT 21 1991

PETITION

PUBLIC SERVICE  
COMMISSION

the undersign hereby request the Kentucky Public Service  
Commission to review and investigate the attached documents concerning  
the customer contracts of Ashland Exploration, Inc. a subsidiary  
of Ashland Oil, Inc.

20

NAME	ADDRESS	PHONE
Wm Hall	HC 60 Box 4095 Littern Ky 41834	642-34155
Mike Hall	PO Box 99 Littern	606-642-3986
Robert Dialo	HC 60 Box 6065 Littern	642-3366
Vadis Dialo	HC 60, Box 5045 Littern	
Kavanaugh Hall	HC 60, Box 4070 Littern	642-3048
Stella Anderson	HC 60, Box 4065 Littern Ky 41834	642-3627
Mathie Francis	HC 60 Box 4025 Littern	642-3633
Kelly Hall	PO Box 174 Littern	642-3957
Callie Reynolds	PO Box 112 Littern	642-3817
Homer Watts	HC 60 Box 96 Littern	642-3958
Noah R Bentley	HC 60 Box 5015 Littern Ky 41834	642-3676
Dalra Bentley	HC 60 Box 5015 Littern Ky 41834	642-3676
William Bentley	Littern Ky 41834	642-3613
Thomas R. Smith	Littern Ky 41834	642-3621
Floyd Seals	Littern Ky 41834	642-3436
Frank Hall	Littern Ky 41834	642-3247
Mark Hall	Littern Ky 41834	642-3322
Floyd Seals	P.O. Box 153 Littern	642-3322
James Seals	P.O. Box 153 Littern	642-3118
Mathie Banks	1-homer HC 60 Box 4045 Littern	642-3629
Mathie Banks	2-homer HC 60 Box 4045 Littern	642-3629
Violet Larrison	HC 60 Box 4060 Littern Ky 41834	642-3626



**Ashland Exploration, Inc.**

SUBSIDIARY OF ASHLAND OIL, INC.

P O. BOX 218330, HOUSTON, TEXAS 77218-8330 • (713) 831-2900

10/09/1991

Vernon Hall  
Hc 60 Box 4095  
Littcarr, KY 41834

Account #: 1409693

Dear Customer:

Please note that Ashland is consolidating your account into its existing residential sales. Therefore, it is necessary for you to execute this contract for continued service. This contract is similar to contracts signed by other Ashland customers.

This letter will serve as your contract ("Contract") with us whereby Ashland ("Company") agrees to continue to furnish and you ("Customer") agree to take and pay for natural gas subject to the terms and conditions attached hereto as Attachment I. This service is being provided by Company pursuant to either Kentucky Revised Statute (KRS) 278.485 or a lease or right-of-way agreement. Under the terms of the foregoing Ashland has the right to adjust the price to be paid by you for any gas delivered.

Therefore the adjusted price to be paid by you for the quantities of gas delivered to you as indicated by our sales meter is \$5.25 per thousand cubic feet (MCF) and becomes effective November 1, 1991. This rate is the same for all Ashland customers serviced pursuant to the above paragraph. Company continues to reserve the right to unilaterally establish a new price from time to time on fifteen (15) days prior written notice to you. You have the right to cancel this Contract at any time by written notice to us provided your account is up to date.

Please indicate your acceptance of this service and the terms and conditions under which it is being provided by signing and returning this letter to us in the enclosed envelope. A copy will be returned to you. Your failure to return this letter by October 31, 1991 will serve as notice to us of your rejection of this service allowing the Company to discontinue any existing service to you.

Questions concerning your contract should be directed to J. F. Kilver at (606) 329-5780. Please call collect. Should you have any questions concerning service feel free to call our offices at (606) 437-7359.

Dated this 9th day of October, 1991, but effective beginning November 1, 1991.

Ashland Exploration, Inc.

By:   
M. D. Pierce, Vice President

Customer: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

Please return the executed contract to:

Ashland Exploration, Inc.  
P.O. Box 218330  
Houston, Texas 77218-8330  
Attention: J. F. Kilver

**WARNING!**

THE NATURAL GAS SOLD UNDER THIS AGREEMENT IS DANGEROUS IF BREATHED, AND MAY CAUSE SERIOUS PERSONAL INJURY OR DEATH; FURTHER, THE GAS MAY CONTAIN DELETERIOUS SUBSTANCES WHICH WHEN BURNED, MAY RELEASE TOXIC OR POISONOUS SUBSTANCES INTO THE AIR WHICH MAY CAUSE SERIOUS PERSONAL INJURY, DEATH OR DAMAGE TO PROPERTY. THE GAS SOLD HEREUNDER IS NOT ARTIFICIALLY ODORIZED AND ITS PRESENCE MAY NOT BE DETECTABLE BY YOU.

NOTWITHSTANDING ANYTHING IN THIS AGREEMENT TO THE CONTRARY, THE NATURAL GAS DELIVERED HEREUNDER IS BEING SOLD BY ASHLAND EXPLORATION, INC., TO YOU "AS IS" WITHOUT RECOURSE, COVENANT, OR WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR STATUTORY. ASHLAND EXPLORATION, INC. EXPRESSLY DISCLAIMS AND NEGATES (A) ANY IMPLIED OR EXPRESS WARRANTY OF MERCHANTABILITY, (B) ANY IMPLIED OR EXPRESS WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE, (C) ANY OTHER WARRANTY OF ANY KIND OR NATURE WHATSOEVER, WHETHER THE SAME BY EXPRESS, IMPLIED OR STATUTORY.

**ATTACHMENT 1  
TERMS AND CONDITIONS**

**ESTABLISHING DOMESTIC SERVICE**

a. Customer represents and agrees that the gas delivered by Company shall be used either (1) for domestic use in a residence, or (2) in a commercial establishment in amounts less 50 mcf on a peak day. Any other use by Customer shall give Company the right to terminate this Contract. The meter and service tap, including saddle and first service shut-off valve shall be furnished and maintained by and remain the property of the Company. All other equipment and material required for service pursuant to this Contract, including the stops, drip and regulators, shall be furnished, installed and maintained by Customer at his expense and shall remain Customer's property.

b. The character and arrangements of the pipes and appliances through which the gas is transported from the point of connection to the point of consumption shall be of sufficient size so as to permit any regulator or meter to function at proper pressures, and shall meet the requirements of any laws, rules and/or regulations governing same. The Company shall be under no obligation or duty at any time to inspect any of said connections, service pipes, appliances, equipment, or regulators or be responsible in any manner for the selection, use and maintenance of same, and shall have no duty or obligation with respect to their care, maintenance or supervision. The Company shall repair all leaks which occur between the point of connection and the meter, when such leaks are discovered by or reported to it; provided, however, that the Customer shall pay the Company for any repair or replacement parts incidental to such repairs.

c. The Customer assumes all risk from the outlet side of the meter caused by defects in his service lines, connections and appliance and from all causes incidental to the use of gas. The Customer shall not change the regulator settings, nor change in any way the installation made by the Company. The Customer shall at his own expense, furnish and lay service pipes, fittings, valves, automatic gas regulators, and appliances between the meter and the point of consumption of the gas. The Customer shall maintain all of the same in good condition and repair, and remove the same when necessary, furnish such materials, labor and supervision as may be necessary to conduct and burn the gas with safety, and shall be liable for any failure to do so.

**II. GAS MEASUREMENT**

The measurement of gas by meter shall be conclusive upon the Customer and the Company, except when such meter ceases to register, proves to be defective, or is found by test not to be accurate within the limitations specified in the rules of the Kentucky Public Service Commission or a successor governmental authority. In such cases, the consumption for the period in question shall be estimated. Company will, upon written application, of Customer, have the meter removed, sealed and tested, and a certificate of the test given the Customer. If the meter so tested shall be found to be accurate within the limits specified in the rules of the Kentucky Public Service Commission, the Customer shall, upon presentation of a bill, pay the Company for such test according to the schedule of charges for testing meters formulated by the said Commission or a successor governmental authority.

**III. BILLS AND PAYMENT THEREOF**

a. The Customer agrees to pay the Company for all natural gas delivered hereunder as computed by meter at the point of connection. The Company will render invoices to the Customer at regular monthly intervals for the natural gas delivered. The Company shall have the right, if it so elects, to require a cash deposit or other guaranty from the Customer to secure payment of bills. Should the Customer fail to pay for gas delivered within thirty (30) days after the date of the invoice, or otherwise default and fail or refuse to comply with any of the terms of this contract, the Company shall have the right to apply the above-mentioned deposit, if any, to the amount due and discontinue service upon forty-eight (48) hours written notice without liability for any injury or damage to persons or property resulting therefrom. This Contract shall thereupon terminate and be of no further force or effect.

b. Failure to enforce any remedies under this contract or at law shall not act as a waiver of those remedies. Should it become necessary to obtain counsel as a result of a disagreement between Company and Customer and Company prevails, then Company shall be entitled to payment from Customer for all legal fees and court costs.

**IV. ACCESS TO PREMISES**

The Company shall have the right to enter upon the premises of the Customer to read, repair, change or remove the meter, or inspect regulators, and shall also have the right to reclaim any of the property of the Company which may be on the premises.

**V. TAMPERING**

Where the service facilities or other equipment have been tampered with, resulting in improper measurement of the service supplied, the Customer shall be required to pay for such gas service as the Company may estimate from available information to have been used but not registered by the Company's meter, and in addition thereto shall be required to bear all costs incurred by the Company for investigations and inspections and for such protective equipment as, in the judgment of the Company, may be necessary. Company reserves the right to also terminate this Contract.

**VI. LIABILITY FOR DAMAGE**

a. The Company shall not be responsible for maintaining any fixed or specified gas pressure, nor shall it be liable for damages caused by its failure to deliver gas arising from any cause whatever or for any damage to property or injury or death to persons arising or accruing in any manner whatsoever from the use of gas. Neither shall the Company be liable for any accident or accidental injuries or damages which may result from any defect or failure of any automatic gas regulator or for any leakage or other

defect or failure of any service line installed or constructed by Customer.

b. The Company shall be and is hereby released by Customer from any and all claims for damage direct or indirect, present or prospective, accrued or which may hereafter accrue, resulting from the failure of gas or insufficient supply thereof, or from the construction, operation and maintenance of its pipelines, plants, facilities, or other operations. The Customer agrees to indemnify and save the Company free and harmless from any and all loss, damage, claims, or demands of any kind or character, including but not limited to, loss or damage to property, real or personal, or injuries to, or death of, any person, predicated upon or in any way connected with, gas or other obligations imposed by this Contract, regardless of whether such liability shall arise from negligence of the Company in whole or in part.

c. The Customer shall use all due care to prevent waste of gas and the responsibility for detection of defects or leaks between the point of connection and the point of consumption of gas is upon the Customer. In case of failure or deficiency of gas, irregular supply, leakage, excessive pressure, and other developments incident to handling gas under pressure, the Customer agrees to give immediate notice thereof to the Company, and his failure to do so, should loss follow, shall be conclusive evidence of negligence on the part of the Customer. The right of access to Customer's property, provided hereinabove, shall not relieve Customer of the foregoing obligation.

#### **VII. SHUT OFF PROVISIONS**

The authorized agents of the Company shall at all times have access to the premises of the Customer with the right to shut off the gas and remove its property from the premises upon reasonable notice for any of the following reasons; for repairs or because of leakage; for non-payment of any bills due under the existing or a predecessor contract; for failure to make a cash deposit, if such be required; for any breach of the Contract or violations of any applicable rules or regulations of Kentucky Public Service Commission; for fraudulent representation in relation to Customer's consumption of gas; moving of Customer from the premises; for fraudulent tampering with the meter, regulators or connections; for shortage of gas or reasons of safety; for larceny of gas; for any action by the Customer to secure through his meter gas for purposes other than those requested or contracted for pursuant to paragraph I(a), or for any other party without the written consent of the Company; or for false representation with respect to the ownership of property to which service is furnished or upon which lines are located.

#### **VIII. DISCONTINUANCE OF SERVICE**

The Company shall not be liable to the Customer for discontinuance of service resulting from the plugging and abandonment or change in the use of any of its wells. It is understood and agreed that the line from which the Company supplies gas is not permanent and that service to the Customer by Company may cease, either temporarily or permanently, if Company in its sole discretion discontinues transportation of gas through that line. Upon the abandonment or removal of the last of the lines from the lands of the Customer or from lands within one-half air mile of the Customer, unless otherwise previously terminated, this Contract and all rights thereunder shall thereupon terminate and service to the Customer be discontinued. Either party hereto may cancel this Contract on fifteen (15) days' written notice without prejudice to the right of the Company to continue to supply gas to other customers; and the Company shall not be liable for any deficiency in the supply caused by the use of pumping stations, breakage of lines, or other causes, or for any claim for damage on account of any matters set forth in this paragraph.

#### **IX. GENERAL PROVISIONS**

a. No agent or employee of this Company has authority to make any promise, agreement, or representation inconsistent with this Contract; and no such promise, agreement, or representation shall bind the Company, unless in writing and signed by an executive officer thereof.

b. This Contract is entered into between the Company and the Customer in order that service can be provided to those residents eligible to receive natural gas pursuant to KRS 278.485.

10/4/91

RECEIVED

OCT 21 1991

PUBLIC SERVICE  
COMMISSION

355-A Upper Coon

Raccoon, Ky. 41557

Oct. 17, 1991

Public Service Commission  
Frankfort, Ky.

Re: Ashland Exploration, Inc. Account # 1406357

Gentlemen:

I am writing in regard to my account with Ashland Exploration, Inc. We have received natural gas at this residence for 15 years at 35¢ per thousand MCF. We have just received notice by mail that the price will be \$5.25 per MCF beginning 11/1/91. I feel that the increase is unjustifiably high.

Can your office do anything to stop or at least decrease this high price we are now being charged. May I please hear from you as soon as possible. I must return my signed contract by Nov. 1 to continue service.

Sincerely,  
William Justice, Jr.

Oct. 18, 1991

Dear Sirs:

RECEIVED

OCT 21 1991

PUBLIC SERVICE  
COMMISSION

I am a customer of Arkland  
Exploration, Inc. I have  
just received notice of a rate  
increase from 35¢ per thousand  
cubic feet to \$5.25 can your  
office do anything to stop this  
large rate increase.

I must hear from you  
soon, as I must mail them  
my signed contract by  
Nov. 1, 1991

Sincerely,  
Paul W. Justice  
acct. # 1406356



RECEIVED

OCT 21 1991

PUBLIC SERVICE  
COMMISSION

Oct. 18-1991

Dear Sir,  
I am a customer of Ashland  
Exploration. They have just  
raised my natural gas bill  
from ~~354~~ 354 to \$5.25 per thousand  
cubic feet. I am a widow  
74 yrs old, on a fixed income.  
this large increase will place  
me in a financial hardship.  
Could your office check into  
this rate increase to see  
if it can be stopped. I must  
return my signed contract to  
them by Nov 1st

Sincerely,  
Mrs Ireland Justice  
371 Upper Coon  
Raccoon Ky 41557

Acct. No 1409869

October 17, 1991

Public Service Commission  
Frankfort, KY

RECEIVED

OCT 21 1991

Gentlemen:

He, the undersigned, receive natural gas from Ashland Exploration, Inc. of Houston, Texas. He now pay 35¢ per thousand cubic feet and was just informed by mail this week that as of November 1, 1991 we will be charged \$5.25 per thousand cubic feet. This is an unbelievably high increase and will certainly place a financial hardship on each of us. He request that your office do whatever is possible to stop or at least decrease the amount of the price increase.

He must hear something from you soon, as we must return our signed contracts to Ashland Exploration, Inc. by November 1, 1991 in order to continue service.

Sincerely,

Robert Carter

Acct. # 1406382

EMMIE Carter

1409865

Bonnie Sue

1486-385

Jen's Coleman

1406101

Mrs. Homer Goff

1409874

Juanita Goff

1406112

Ronnie Goff

1406406

Thomas R. Collins

1406358

Leeta Collins

1406483

Cecil Goff

1406614



**Ashland Exploration, Inc.**

SUBSIDIARY OF ASHLAND OIL, INC.

P. O. BOX 218330, HOUSTON, TEXAS 77218-8330 • (713) 631-2900

10/09/1991

Dear Customer:

Please note that Ashland is consolidating your account into its existing residential sales. Therefore, it is necessary for you to execute this contract for continued service. This contract is similar to contracts signed by other Ashland customers.

This letter will serve as your contract ("Contract") with us whereby Ashland ("Company") agrees to continue to furnish and you ("Customer") agree to take and pay for natural gas subject to the terms and conditions attached hereto as Attachment I. This service is being provided by Company pursuant to either Kentucky Revised Statute (KRS) 278.485 or a lease or right-of-way agreement. Under the terms of the foregoing Ashland has the right to adjust the price to be paid by you for any gas delivered.

Therefore the adjusted price to be paid by you for the quantities of gas delivered to you as indicated by our sales meter is \$5.25 per thousand cubic feet (MCF) and becomes effective November 1, 1991. This rate is the same for all Ashland customers serviced pursuant to the above paragraph. Company continues to reserve the right to unilaterally establish a new price from time to time on fifteen (15) days prior written notice to you. You have the right to cancel this Contract at any time by written notice to us provided your account is up to date.

Please indicate your acceptance of this service and the terms and conditions under which it is being provided by signing and returning this letter to us in the enclosed envelope. A copy will be returned to you. Your failure to return this letter by October 31, 1991 will serve as notice to us of your rejection of this service allowing the Company to discontinue any existing service to you.

Questions concerning your contract should be directed to J. F. Kilver at (606) 329-5780. Please call collect. Should you have any questions concerning service feel free to call our offices at (606) 437-7359.

Dated this 9th day of October, 1991, but effective beginning November 1, 1991.

Ashland Exploration, Inc.

By: 

M. D. Pierce, Vice President

Customer: \_\_\_\_\_

Address: \_\_\_\_\_

Please return the executed contract to:

Ashland Exploration, Inc.  
P.O. Box 218330  
Houston, Texas 77218-8330  
Attention: J. F. Kilver

**WARNING!**

THE NATURAL GAS SOLD UNDER THIS AGREEMENT IS DANGEROUS IF BREATHED, AND MAY CAUSE SERIOUS PERSONAL INJURY OR DEATH; FURTHER, THE GAS MAY CONTAIN DELETERIOUS SUBSTANCES WHICH, WHEN BURNED, MAY RELEASE TOXIC OR POISONOUS SUBSTANCES INTO THE AIR WHICH MAY CAUSE SERIOUS PERSONAL INJURY, DEATH OR DAMAGE TO PROPERTY. THE GAS SOLD HEREUNDER IS NOT ARTIFICIALLY ODORIZED AND ITS PRESENCE MAY NOT BE DETECTABLE BY YOU.

NOTWITHSTANDING ANYTHING IN THIS AGREEMENT TO THE CONTRARY, THE NATURAL GAS DELIVERED HEREUNDER IS BEING SOLD BY ASHLAND EXPLORATION, INC., TO YOU "AS IS" WITHOUT RECOURSE, COVENANT, OR WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR STATUTORY. ASHLAND EXPLORATION, INC. EXPRESSLY DISCLAIMS AND NEGATES (A) ANY IMPLIED OR EXPRESS WARRANTY OF MERCHANTABILITY, (B) ANY IMPLIED OR EXPRESS WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE, (C) ANY OTHER WARRANTY OF ANY KIND OR NATURE WHATSOEVER, WHETHER THE SAME BY EXPRESS, IMPLIED OR STATUTORY.

**ATTACHMENT C  
TERMS AND CONDITIONS**

**ESTABLISHING DOMESTIC SERVICE**

a. Customer represents and agrees that the gas delivered by Company shall be used either (1) for domestic use in a residence, or (2) in a commercial establishment in amounts less 50 mcf on a peak day. Any other use by Customer shall give Company the right to terminate this Contract. The meter and service tap, including saddle and first service shut-off valve shall be furnished and maintained by and remain the property of the Company. All other equipment and material required for service pursuant to this Contract, including the stops, drip and regulators, shall be furnished, installed and maintained by Customer at his expense and shall remain Customer's property.

b. The character and arrangements of the pipes and appliances through which the gas is transported from the point of connection to the point of consumption shall be of sufficient size so as to permit any regulator or meter to function at proper pressures, and shall meet the requirements of any laws, rules and/or regulations governing same. The Company shall be under no obligation or duty at any time to inspect any of said connections, service pipes, appliances, equipment, or regulators or be responsible in any manner for the selection, use and maintenance of same, and shall have no duty or obligation with respect to their care, maintenance or supervision. The Company shall repair all leaks which occur between the point of connection and the meter, when such leaks are discovered by or reported to it; provided, however, that the Customer shall pay the Company for any repair or replacement parts incidental to such repairs.

c. The Customer assumes all risk from the outlet side of the meter caused by defects in his service lines, connections and appliance and from all causes incidental to the use of gas. The Customer shall not change the regulator settings, nor change in any way the installation made by the Company. The Customer shall at his own expense, furnish and lay service pipes, fittings, valves, automatic gas regulators, and appliances between the meter and the point of consumption of the gas. The Customer shall maintain all of the same in good condition and repair, and remove the same when necessary, furnish such materials, labor and supervision as may be necessary to conduct and burn the gas with safety, and shall be liable for any failure to do so.

**II. GAS MEASUREMENT**

The measurement of gas by meter shall be conclusive upon the Customer and the Company, except when such meter ceases to register, proves to be defective, or is found by test not to be accurate within the limitations specified in the rules of the Kentucky Public Service Commission or a successor governmental authority. In such cases, the consumption for the period in question shall be estimated. Company will, upon written application, of Customer, have the meter removed, sealed and tested, and a certificate of the test given the Customer. If the meter so tested shall be found to be accurate within the limits specified in the rules of the Kentucky Public Service Commission, the Customer shall, upon presentation of a bill, pay the Company for such test according to the schedule of charges for testing meters formulated by the said Commission or a successor governmental authority.

**III. BILLS AND PAYMENT THEREOF**

a. The Customer agrees to pay the Company for all natural gas delivered hereunder as computed by meter at the point of connection. The Company will render invoices to the Customer at regular monthly intervals for the natural gas delivered. The Company shall have the right, if it so elects, to require a cash deposit or other guaranty from the Customer to secure payment of bills. Should the Customer fail to pay for gas delivered within thirty (30) days after the date of the invoice, or otherwise default and fail or refuse to comply with any of the terms of this contract, the Company shall have the right to apply the above-mentioned deposit, if any, to the amount due and discontinue service upon forty-eight (48) hours written notice without liability for any injury or damage to persons or property resulting therefrom. This Contract shall thereupon terminate and be of no further force or effect.

b. Failure to enforce any remedies under this contract or at law shall not act as a waiver of those remedies. Should it become necessary to obtain counsel as a result of a disagreement between Company and Customer and Company prevails, then Company shall be entitled to payment from Customer for all legal fees and court costs.

**IV. ACCESS TO PREMISES**

The Company shall have the right to enter upon the premises of the Customer to read, repair, change or remove the meter, or inspect regulators, and shall also have the right to reclaim any of the property of the Company which may be on the premises.

**V. TAMPERING**

Where the service facilities or other equipment have been tampered with, resulting in improper measurement of the service supplied, the Customer shall be required to pay for such gas service as the Company may estimate from available information to have been used but not registered by the Company's meter, and in addition thereto shall be required to bear all costs incurred by the Company for investigations and inspections and for such protective equipment as, in the judgment of the Company, may be necessary. Company reserves the right to also terminate this Contract.

**VI. LIABILITY FOR DAMAGE**

a. The Company shall not be responsible for maintaining any fixed or specified gas pressure, nor shall it be liable for damages caused by its failure to deliver gas arising from any cause whatever or for any damage to property or injury or death to persons arising or accruing in any manner whatsoever from the use of gas. Neither shall the Company be liable for any accident or accidental injuries or damages which may result from any defect or failure of any automatic gas regulator or for any leakage or other

or failure of any service line installed or constructed by  
Company.

b. The Company shall be and is hereby released by Customer from any and all claims for damage direct or indirect, present or prospective, accrued or which may hereafter accrue, resulting from the failure of gas or insufficient supply thereof, or from the construction, operation and maintenance of its pipelines, plants, facilities, or other operations. The Customer agrees to indemnify and save the Company free and harmless from any and all loss, damage, claims, or demands of any kind or character, including but not limited to, loss or damage to property, real or personal, or injuries to, or death of, any person, predicated upon or in any way connected with, gas or other obligations imposed by this Contract, regardless of whether such liability shall arise from negligence of the Company in whole or in part.

c. The Customer shall use all due care to prevent waste of gas and the responsibility for detection of defects or leaks between the point of connection and the point of consumption of gas is upon the Customer. In case of failure or deficiency of gas, irregular supply, leakage, excessive pressure, and other developments incident to handling gas under pressure, the Customer agrees to give immediate notice thereof to the Company, and his failure to do so, should loss follow, shall be conclusive evidence of negligence on the part of the Customer. The right of access to Customer's property, provided hereinabove, shall not relieve Customer of the foregoing obligation.

#### **VII. SHUT OFF PROVISIONS**

The authorized agents of the Company shall at all times have access to the premises of the Customer with the right to shut off the gas and remove its property from the premises upon reasonable notice for any of the following reasons; for repairs or because of leakage; for non-payment of any bills due under the existing or a predecessor contract; for failure to make a cash deposit, if such be required; for any breach of the Contract or violations of any applicable rules or regulations of Kentucky Public Service Commission; for fraudulent representation in relation to Customer's consumption of gas; moving of Customer from the premises; for fraudulent tampering with the meter, regulators or connections; for shortage of gas or reasons of safety; for hoarding of gas; for any action by the Customer to secure through his meter gas for purposes other than those requested or contracted for pursuant to paragraph I(a), or for any other party without the written consent of the Company; or for false representation with respect to the ownership of property to which service is furnished or upon which lines are located.

#### **VIII. DISCONTINUANCE OF SERVICE**

The Company shall not be liable to the Customer for discontinuance of service resulting from the plugging or abandonment or change in the use of any of its wells. It is understood and agreed that the line from which the Company supplies gas is not permanent and that service to the Customer by Company may cease, either temporarily or permanently, if Company in its sole discretion discontinues transportation of gas through that line. Upon the abandonment or removal of the last of the lines from the hands of the Customer or from hands within one-half mile of the Customer, unless otherwise previously terminated, this Contract and all rights thereunder shall thereupon terminate and service to the Customer be discontinued. Either party hereto may cancel this Contract on fifteen (15) days' written notice without prejudice to the right of the Company to continue to supply gas to other customers; and the Company shall not be liable for any deficiency in the supply caused by the use of pumping stations, breakage of lines, or other causes, or for any claim for damage on account of any matters set forth in this paragraph.

#### **IX. GENERAL PROVISIONS**

a. No agent or employee of this Company has authority to make any promise, agreement, or representation inconsistent with this Contract; and no such promise, agreement, or representation shall bind the Company, unless in writing and signed by an executive officer thereof.

b. This Contract is entered into between the Company and the Customer in order that service can be provided to those residents eligible to receive natural gas pursuant to KRS 272.425.

**EXHIBIT B**



**Ashland Exploration, Inc.**

SUBSIDIARY OF ASHLAND OIL, INC.

P O BOX 218330, HOUSTON, TEXAS 77218-8330 • (713) 831-2900

10/09/1991

John Thornsberry  
Hc60 175 Meathouse Rd.  
Canada, KY 41519

Account #: 1416632

Dear Customer:

Please note that Ashland is consolidating your account into its existing residential sales. Therefore, it is necessary for you to execute this contract for continued service. This contract is similar to contracts signed by other Ashland customers.

This letter will serve as your contract ("Contract") with us whereby Ashland ("Company") agrees to continue to furnish and you ("Customer") agree to take and pay for natural gas subject to the terms and conditions attached hereto as Attachment I. This service is being provided by Company pursuant to either Kentucky Revised Statute (KRS) 278.485 or a lease or right-of-way agreement. Under the terms of the foregoing Ashland has the right to adjust the price to be paid by you for any gas delivered.

Therefore the adjusted price to be paid by you for the quantities of gas delivered to you as indicated by our sales meter is \$5.25 per thousand cubic feet (MCF) and becomes effective November 1, 1991. This rate is the same for all Ashland customers serviced pursuant to the above paragraph. Company continues to reserve the right to unilaterally establish a new price from time to time on fifteen (15) days prior written notice to you. You have the right to cancel this Contract at any time by written notice to us provided your account is up to date.

Please indicate your acceptance of this service and the terms and conditions under which it is being provided by signing and returning this letter to us in the enclosed envelope. A copy will be returned to you. Your failure to return this letter by October 31, 1991 will serve as notice to us of your rejection of this service allowing the Company to discontinue any existing service to you.



Questions concerning your contract should be directed to J. F. Kilver at (606) 329-5780. Please call collect. Should you have any questions concerning service feel free to call our offices at (606) 437-7359.

Dated this 9th day of October, 1991, but effective beginning November 1, 1991.

Ashland Exploration, Inc.

By: *M. D. Pierce*  
M. D. Pierce, Vice President

Customer: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

Please return the executed contract to:

Ashland Exploration, Inc.  
P.O. Box 218330  
Houston, Texas 77218-8330  
Attention: J. F. Kilver

**WARNING!**

THE NATURAL GAS SOLD UNDER THIS AGREEMENT IS DANGEROUS IF BREATHED, AND MAY CAUSE SERIOUS PERSONAL INJURY OR DEATH; FURTHER, THE GAS MAY CONTAIN DELETERIOUS SUBSTANCES WHICH, WHEN BURNED, MAY RELEASE TOXIC OR POISONOUS SUBSTANCES INTO THE AIR WHICH MAY CAUSE SERIOUS PERSONAL INJURY, DEATH OR DAMAGE TO PROPERTY. THE GAS SOLD HEREUNDER IS NOT ARTIFICIALLY ODORIZED AND ITS PRESENCE MAY NOT BE DETECTABLE BY YOU.

NOTWITHSTANDING ANYTHING IN THIS AGREEMENT TO THE CONTRARY, THE NATURAL GAS DELIVERED HEREUNDER IS BEING SOLD BY ASHLAND EXPLORATION, INC., TO YOU "AS IS" WITHOUT RECOURSE, COVENANT, OR WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR STATUTORY. ASHLAND EXPLORATION, INC. EXPRESSLY DISCLAIMS AND NEGATES (A) ANY IMPLIED OR EXPRESS WARRANTY OF MERCHANTABILITY, (B) ANY IMPLIED OR EXPRESS WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE, (C) ANY OTHER WARRANTY OF ANY KIND OR NATURE WHATSOEVER, WHETHER THE SAME BY EXPRESS, IMPLIED OR STATUTORY.

**I. ESTABLISHING DOMESTIC SERVICE**

a. Customer represents and agrees that the gas delivered by Company shall be used either (1) for domestic use in a residence, or (2) in a commercial establishment in amounts less 50 mcf on a peak day. Any other use by Customer shall give Company the right to terminate this Contract. The meter and service tap, including saddle and first service shut-off valve shall be furnished and maintained by and remain the property of the Company. All other equipment and material required for service pursuant to this Contract, including the stops, drip and regulators, shall be furnished, installed and maintained by Customer at his expense and shall remain Customer's property.

b. The character and arrangements of the pipes and appliances through which the gas is transported from the point of connection to the point of consumption shall be of sufficient size so as to permit any regulator or meter to function at proper pressures, and shall meet the requirements of any laws, rules and/or regulations governing same. The Company shall be under no obligation or duty at any time to inspect any of said connections, service pipes, appliances, equipment, or regulators or be responsible in any manner for the selection, use and maintenance of same, and shall have no duty or obligation with respect to their care, maintenance or supervision. The Company shall repair all leaks which occur between the point of connection and the meter, when such leaks are discovered by or reported to it; provided, however, that the Customer shall pay the Company for any repair or replacement parts incidental to such repairs.

c. The Customer assumes all risk from the outlet side of the meter caused by defects in his service lines, connections and appliance and from all causes incidental to the use of gas. The Customer shall not change the regulator settings, nor change in any way the installation made by the Company. The Customer shall at his own expense, furnish and lay service pipes, fittings, valves, automatic gas regulators, and appliances between the meter and the point of consumption of the gas. The Customer shall maintain all of the same in good condition and repair, and remove the same when necessary, furnish such materials, labor and supervision as may be necessary to conduct and burn the gas with safety, and shall be liable for any failure to do so.

**II. GAS MEASUREMENT**

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**III. BILLS AND PAYMENT THEREOF**

a. The Customer agrees to pay the Company for all natural gas delivered hereunder as computed by meter at the point of connection. The Company will render invoices to the Customer at regular monthly intervals for the natural gas delivered. The Company shall have the right, if it so elects, to require a cash deposit or other guaranty from the Customer to secure payment of bills. Should the Customer fail to pay for gas delivered within thirty (30) days after the date of the invoice, or otherwise default and fail or refuse to comply with any of the terms of this contract, the Company shall have the right to apply the above-mentioned deposit, if any, to the amount due and discontinue service upon forty-eight (48) hours written notice without liability for any injury or damage to persons or property resulting therefrom. This Contract shall thereupon terminate and be of no further force or effect.

b. Failure to enforce any remedies under this contract or at law shall not act as a waiver of those remedies. Should it become necessary to obtain counsel as a result of a disagreement between Company and Customer and Company prevails, then Company shall be entitled to payment from Customer for all legal fees and court costs.

**IV. ACCESS TO PREMISES**

The Company shall have the right to enter upon the premises of the Customer to read, repair, change or remove the meter, or inspect regulators, and shall also have the right to reclaim any of the property of the Company which may be on the premises.

**V. TAMPERING**

Where the service facilities or other equipment have been tampered with, resulting in improper measurement of the service supplied, the Customer shall be required to pay for such gas service as the Company may estimate from available information to have been used but not registered by the Company's meter, and in addition thereto shall be required to bear all costs incurred by the Company for investigations and inspections and for such protective equipment as, in the judgment of the Company, may be necessary. Company reserves the right to also terminate this Contract.

**VI. LIABILITY FOR DAMAGE**

a. The Company shall not be responsible for maintaining any fixed or specified gas pressure, nor shall it be liable for damages caused by its failure to deliver gas arising from any cause whatever or for any damage to property or injury or death to persons arising or accruing in any manner whatsoever from the use of gas. Neither shall the Company be liable for any accident or accidental injuries or damages which may result from any defect or failure of any automatic gas regulator or for any leakage or other

defect or failure of any service line installed or constructed by Customer.

b. The Company shall be and is hereby released by Customer from any and all claims for damage direct or indirect, present or prospective, accrued or which may hereafter accrue, resulting from the failure of gas or insufficient supply thereof, or from the construction, operation and maintenance of its pipelines, plants, facilities, or other operations. The Customer agrees to indemnify and save the Company free and harmless from any and all loss, damage, claims, or demands of any kind or character, including but not limited to, loss or damage to property, real or personal, or injuries to, or death of, any person, predicated upon or in any way connected with, gas or other obligations imposed by this Contract, regardless of whether such liability shall arise from negligence of the Company in whole or in part.

c. The Customer shall use all due care to prevent waste of gas and the responsibility for detection of defects or leaks between the point of connection and the point of consumption of gas is upon the Customer. In case of failure or deficiency of gas, irregular supply, leakage, excessive pressure, and other developments incident to handling gas under pressure, the Customer agrees to give immediate notice thereof to the Company, and his failure to do so, should loss follow, shall be conclusive evidence of negligence on the part of the Customer. The right of access to Customer's property, provided hereinabove, shall not relieve Customer of the foregoing obligation.

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The authorized agents of the Company shall at all times have access to the premises of the Customer with the right to shut off the gas and remove its property from the premises upon reasonable notice for any of the following reasons; for repairs or because of leakage; for non-payment of any bills due under the existing or a predecessor contract; for failure to make a cash deposit, if such be required; for any breach of the Contract or violations of any applicable rules or regulations of Kentucky Public Service Commission; for fraudulent representation in relation to Customer's consumption of gas; moving of Customer from the premises; for fraudulent tampering with the meter, regulators or connections; for shortage of gas or reasons of safety; for hoarding of gas; for any action by the Customer to secure through his meter gas for purposes other than those requested or contracted for pursuant to paragraph 1(a), or for any other party without the written consent of the Company; or for false representation with respect to the ownership of property to which service is furnished or upon which lines are located.

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#### **IX. GENERAL PROVISIONS**

a. No agent or employee of this Company has authority to make any promise, agreement, or representation inconsistent with this Contract; and no such promise, agreement, or representation shall bind the Company, unless in writing and signed by an executive officer thereof.

b. This Contract is entered into between the Company and the Customer in order that service can be provided to those residents eligible to receive natural gas pursuant to KRS 272.485.

104/91